Chapter XIII

The Evolution of IT Governance at NB Power

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ABSTRACT

IT and business are inextricably linked. It is incomprehensible to think the two should ever again be independent. IT Governance will penetrate how IT is executed, as organizations like NB Power endeavor to become better at governing and managing their IT investments. NB Power, in 1998, implemented an IT Governance framework. Through IT Governance the organization was able to address the results of a diagnostic study on their internal IT service provider who was attempting to respond to a seemingly endless list of requests for IT support. Four years later, factors critical to the success of implementing an IT Governance framework are evident. The IT Governance framework is still evolving, but the organization is now well positioned to take advantage of its IT investment.

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INTRODUCTION

The establishment and implementation of an Information Technology (IT) Governance framework to achieve business objectives through well managed and controlled IT investments is an increasing concern for enterprise. It is difficult to separate an organization’s overall strategic mission from the underlying IT strategy that enables the mission. In a report on improving healthcare performance through information management, the Scottsdale Infomatics Institute (2001) suggests that having an IT committee is at least as important as having a finance committee. Finance, they say, is a matter of keeping score, but it is not playing the game. IT is driving the business.

Comments made by proponents of IT Governance at a roundtable discussion during the International Conference of the Information Systems Audit Control Association (ISACA), 2000, suggest that two of the most valuable aspects of organizations around the world are information and the technology that supports it. Often the success of an organization is extensively dependent on the effective management of information and IT systems. Organizations must satisfy the quality, fiduciary, and security requirements of their IT, as they do for other assets.

Williams (2001) contends that as critical business processes increasingly rely on IT, the benefits and risks grow exponentially. Senior executives and boards must actively address the governance of IT together with their other governance responsibilities.

IT Governance is needed because information is of critical importance to enterprise. Given the increasing volume and complexity of information it is difficult to measure value. It is necessary to align, integrate, and determine ownership of information and technology (Williams, 2000).

Prior to the implementation of IT Governance at NB Power, a publicly owned electric utility monopoly, the organization had difficulty maximizing its technology investments to gain economies of scale in IT investments and effectively manage IT resources. The benefits and value of IT investments were a challenge to communicate because the direction of IT in the organization was not clearly articulated. The organization should have been achieving greater value from its IT investment.

This chapter will discuss the business drivers that led one company to implement an IT Governance framework. The evolution of IT Governance over a four year period is illustrated and critical success factors and lessons learned are examined. Finally, trends in IT Governance are explored.

WHAT IS IT GOVERNANCE AND WHO SHOULD BE INVOLVED?

There is no definitive definition of IT Governance. Notable definitions that describe IT Governance include one provided by ISACA, 2000. They define IT Governance as a structure of relationships and processes to direct and control the enterprise in order to achieve the enterprise’s goals by adding value while balancing risks versus return over IT and its processes.

IT Governance is also described as how those persons entrusted with governance of an entity consider IT in the supervising, monitoring, controlling, and direction of the entity. How IT is applied will have an immense impact on whether the entity will attain its vision, mission, or strategic goals (IT Governance Institute [IGI], 2001).
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